
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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Docket Nos. EL00-25-000 and
ER00-448-000

COMMISSION PROVIDES GUIDANCE, ACCEPTS OUTLINE FOR INNOVATIVE ITC PROPOSAL

The Federal Energy Regulatory Commission today granted in part a petition seeking Commission guidance on an innovative for-profit Independent Transmission Company (ITC).

Commonwealth Edison Company, Commonwealth Edison Company of Indiana, Inc., IES Utilities, Inc., Interstate Power Company and MidAmerican Energy Company asked for direction from the Commission on their plans to form a so-called binary regional transmission organization (RTO)—an ITC operating under the Midwest ISO's oversight.

Under the companies' proposal, the RTO functions would be shared by the Midwest ISO and a for-profit ITC.

Chairman James J. Hoecker commented that, "At its heart, Order 2000 is a Commission commitment to provide the direction and the guidance for the industry to become truly competitive—a commitment to flexibility. This ITC petition and the MISO amendment are innovative and a cause for optimism. I hope the potential complexity of these new institutional arrangements do not obscure or, worse yet, defeat the central objective of uniformly large, coordinated, and transparent regional power markets."

The Commission conditionally approved formation of the Midwest Independent System Operator (MISO) in September 1998. The Midwest ISO, based in Indianapolis,

covers parts of 13 states from the Mid-Atlantic to the Midwest. Today's order also accepts a related amendment filed by the Midwest ISO to allow for ITCs within the Midwest ISO.

In December 1999, the Commission issued its major policy on RTOs—Order No. 2000-- setting out the functions and characteristics necessary for the formation of RTOs. RTOs will benefit consumers through lower electricity rates resulting from a wider choice of services and service providers. Cost savings of approximately \$2.4 billion a year are projected from the formation of these organizations, which are intended to put all public utility transmission facilities in a region under common control leading to a more competitive, efficient and reliable electric grid system.

In today's action, the Commission deferred action on the proposals' independence, scope and configuration—key characteristics of an RTO—citing the need for more detailed information. However, the Commission indicated that the filing of this information could be deferred until the companies make their filing to transfer control of their transmission facilities to the ITC.